

tax from the customer. The veterinary business has changed dramatically over the past 15 years or so and in 1980, as a general rule, 80 percent of veterinary business was within the client-patient context, and 20 percent were simple retail sales. Today those numbers are reversed. In addition, there has been a tremendous proliferation in mail order sales and border bleeding across states where veterinary medicines are exempt from sales tax. With the changing way in which producers interact with the veterinarian and new ways that veterinary medicines are packaged and dispensed, the client-patient relationship test is less helpful in determining where the ultimate sales tax liability lies. LB 880, which would be...which would become Section 4 of the bill with the adoption of the committee amendments, puts in place a simple and comprehensible rule to make it easier for veterinarians to comply. There may be a loss of tax revenue in that the tax would be collected on the wholesale rather than the retail price in some instances, but the Department of Revenue and the Fiscal Office believe the fiscal impact would be minimal. I would urge your support of this committee amendment and the advancement to LB 901...of LB 901. Thank you.

SPEAKER WITHEM: Thank you, Senator Dierks. Senator Hall.

SENATOR HALL: Thank you, Mr. President, and members, if Senator Warner would respond to a question on the committee amendments.

SPEAKER WITHEM: Senator Hall...or, Senator Warner, excuse me.

SENATOR HALL: Senator Warner, two questions. One deals with the original intent of LB 901, that being the exemption for the use of media products; rental, storage, use, or the consumption in this state of personal property containing copyrighted material, and we're talking really about films, satellite transmissions, films, records, tapes, discs or other media. The way the Section 3 is written, is it not correct that it is only allowed for those individuals who operate under the certificate from the Federal Communications Commission?

SENATOR WARNER: Yes, that's correct.

SENATOR HALL: Okay. So, in other words, and I'm getting at an amendment that I have on a bill that we're coming up to. I mean, it doesn't...it doesn't deal with the sales tax that currently is charged, for example, on someone who might rent a video tape.